



Environmental Services Division
Energy and Waste Management Bureau

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CRUDE OIL AND GASOLINE PRICES REMAIN HIGH

DES MOINES — According to the Iowa DNR's Feb. 15, 2004 fuel price survey, gasoline prices are a penny higher than one month ago, averaging \$1.57 for a gallon of self-serve, regular unleaded gasoline. The sustained high prices are due to high crude oil prices and market speculation. Currently, Midwest gasoline supply is relatively comfortable and demand is low. However, many gasoline refiners are running at lower rates due to seasonal maintenance, and any additional disruptions in gasoline refining can easily increase prices. In addition, market traders have bid up the price of gasoline based on fears of future short supply in the spring and summer and strength in crude oil, heating oil and natural gas prices.

"Although our gasoline supply is currently strong and demand is low, prices will remain vulnerable to volatility," said Jennifer Moehlmann, DNR energy analyst.

According to the Feb. 15 survey, prices across the state ranged from \$1.46 to \$1.68 per gallon and are \$0.04 lower than this time last year. Last year's high prices resulted in part from low inventories and fears about a near-term war in Iraq. Currently, retail conventional unleaded gasoline prices in Iowa are \$0.04 lower than the national and regional averages of \$1.61 per gallon.

The average price for regular unleaded gasoline blended with ethanol was \$1.55 per gallon. Ethanol-blended gasoline currently represents 64.4 percent of the market share. In 2003, ethanol-blended gasoline averaged 62.3 percent of all gasoline sold in the state, 6.8 percentage points higher than the market share for 2002 and a new record annual market share.

Crude oil finished trading on Feb. 13 at \$34.44 per barrel, \$0.64 less than last month. One year ago, crude was \$36.83 per barrel. Crude oil prices have remained high upon trader concerns regarding levels of supply and potential future production cuts by OPEC members. National crude oil inventory is at 273.8 million barrels, 0.3 percent higher than the previous year, but below the normal range. The DNR expects crude oil prices to remain volatile while U.S. inventories are relatively low, with prices ranging between \$31 and \$35 per barrel.

The average price of self-serve diesel fuel on Feb. 15 was \$1.58, up \$0.02 from last month and \$0.04 higher than the regional average of \$1.54 per gallon. Diesel fuel was \$1.71 per gallon one year ago.

Propane

The Feb. 16 survey found the average retail price of propane was \$1.09 per gallon. This is the same as the previous month and 4 percent above the retail price of propane at this time last year (\$1.05 per gallon). The Iowa average retail propane price is \$0.27 below the regional average of \$1.36. Midwest propane inventories

are nearly 17 percent higher than last year at this time and are within the five-year average. Traditionally, propane prices hit their peak in late winter. Propane prices are also tied to crude oil and natural gas price trends.

Heating Oil Prices

The Feb. 16 survey found the average retail price of No. 2 heating oil was \$1.20 per gallon. This is \$0.02 higher than last month and 8 percent below the price of heating oil at this time last year (\$1.30 per gallon). The Iowa average retail heating oil price is \$0.15 below the regional average of \$1.35. Midwest heating oil inventories are 1 percent higher than this time last year and are within the five-year average. Traditionally, heating oil prices hit their peak in late winter.

Natural Gas

Natural gas closed at \$5.40 per million Btu on Feb. 13, \$0.11 lower than last month and 7.8 percent lower than one year ago. The DNR expects natural gas prices to remain volatile and trade based on the weather forecast, with colder temperatures increasing prices and warming trends decreasing prices. Consumers are expected to pay 10 to 30 percent more for natural gas this winter.

MOTOR FUELS SURVEY

Self-Serve	January 15	February 15	Change
Regular Unleaded	1.56	1.57	+0.01
Regular Unleaded with Ethanol	1.54	1.55	+0.01
Premium Unleaded	1.67	1.67	No change
Diesel	1.56	1.58	+0.02
Full-Serve	January 15	February 15	Change
Regular Unleaded	1.78	1.70	-0.08
Regular Unleaded with Ethanol	1.74	1.70	-0.04
Premium Unleaded	1.86	1.82	-0.04
Diesel	1.54	1.64	+0.10

HEATING FUELS SURVEY

	January 12	February 16	Change
Propane	1.09	1.09	No change
#2 Heating Oil	1.18	1.20	+0.02
Natural Gas	5.51	5.40	-0.11

AVERAGE SELF-SERVE UNLEADED PRICES IN MAJOR CITIES

	January 15	February 15	Change
Ames	1.59	1.52	-0.07
Cedar Rapids	1.49	1.60	+0.11
Council Bluffs	1.54	1.48	-0.06
Davenport	1.52	1.51	-0.01
Des Moines	1.59	1.59	No change
Dubuque	NR	1.63	
Fort Dodge	1.52	1.57	+0.05
Iowa City	1.56	1.57	+0.01
Sioux City	1.55	1.53	-0.02
Waterloo	1.55	1.54	-0.01
Webster City	1.65	1.65	No change
Average Metro Price	1.54	1.56	+0.02

AVERAGE SELF-SERVE UNLEADED PRICES IN RURAL IOWA

	January 15	February 15	Change
Northeast	1.55	1.56	+0.01
Northwest	1.58	1.58	No change
Southeast	1.56	1.55	-0.01
Southwest	1.57	1.56	-0.01
Rural Area Average	1.56	1.56	No change

WHOLESALE PRICES IN METROPOLITAN AREAS AROUND IOWA

Unleaded (cents per gallon)	January 8	February 5
Des Moines	100.55	106.29
Dubuque	101.18	107.14
Diesel Fuel (cents per gallon)	January 8	February 5
Des Moines	95.12	94.56
Dubuque	95.61	94.89